

Notes-City of Minneapolis Rent Stabilization Working Group #7

November 9th, 11:30 am-1:30 pm, Minneapolis Public Service Building, 505 S 4th Ave,
Minneapolis, MN 55415

The City of Minneapolis hosted the seventh Meeting for the City of Minneapolis Rent Stabilization Working Group Meeting Series on November 9, 2022, from 11:30 am to 1:30 pm at the Minneapolis Public Service Building with facilitation by NEOO Partners. Here working group members witnessed a presentation by the City of Minneapolis' Regulatory Services Department on Rental Licensing Enforcement Presentation followed by a small group activity focused on Rent Stabilization Monitoring, Compliance, and Enforcement.

I. Welcome (5 min)(11:35-11:40)

II. Review Ground Rules (5 minutes)(11:40-11:45)

Review and Update Ground Rules

- Step Up Step Back
- Be respectful
- Call out and then call in.
- Speak from your own experience instead of generalizing
- Participate to the fullest of your ability, be curious
- Listen to understand, not to respond
- All roads will lead to a framework!
- Leave Ego at the Door

III. Review Monitoring and Compliance and Enforcement (15 minutes) (11:45-12:00)

IV. City of Minneapolis Presentation (20 minutes) (12:00-12:20)

V. Break (10 minutes) (12:20-12:30)

VI. Questions and Answers with City of Minneapolis (30 minutes) (12:30-1:00)

Jordan - Regulatory Services - Rental Licensing Enforcement Presentation

Q: City would provide a fiscal study.

A: Begins after final week of Workgroup

Q: Do you have a general layout of how many properties fit each category? Are there more 2's or 3's.

A: Open data portal on website. Usually more 2's or 3's than 1's.

Q: Explain more about tiers? Violations?

A: New property with no license: Tier 1

Q: Handle tenants who request inspections?

A: 3 step process

Q: Data on complaint based inspections?

A: On open data portal: exterior vs interior complaints. Links forthcoming.

Q: Consequence for not having a license?

A: Citation is first step in enforcement

Q: What is the Emergency Housing Repair Board?

A: Board who makes decisions in emergency situations where immediate needs have to be met

Q: Which tools are solely for tenant use? Where is the city management line or enforcement?

A: Tenant Remedy Action

Q: Is regulatory Services fully staffed? 20% vacancy?

A: Regulatory services does not have issues with hiring.

Q: How are tenant complaints driving inspection?

A: Evaluated annually, data reviewed and changes made as needed. Will send tiering link

Q: What work are you doing with tenants?

A: Housing Liaison works with renters.

Q: How does a tenant know that they have a NOA classification?

A: Listed on the City website.

Q: How are inspectors funded? How much from fees and from the general fund?

A: Raised rental license fees in 2015 and 2018

Q: How many housing inspectors does the city have?

A: Will follow up but around 60 that focus on complaints.

Q: How are dwelling units defined? If I have someone renting a room in my home do I need a license.

A: If it is your primary residence and you live there you do not need a license but if you spend a majority of your time some where else you would need one. There is also a difference between short term and long term

Q: Are there any structures in place to collect information on rental rates and financial position of units? Or would something new need to be created.

A: Could collect that information during rental license renewal but it is not currently tracked.

Q: How do you monitor properties that have been revoked?

A: There are processes in place that change with circumstances. They can monitor water bills and check on the property to make sure no one is living there.

VII. Small Group Activity (20 minutes) (1:00-1:20)

Group Composition

Pink Facilitator: Adriana Silva

Members: Jimmy Lee Harris, Dan Largen, Daniel Sutor, Jennifer Arnold

Black Facilitator: Denetrick Powers

Members: Alex Kane, Ryan Taylor, Joseph Peris, Kadra Abdi, Peggy Clark

Navy Facilitator: Deanna Mazone

Members: Jonathan Kim, Cathy Capone, Maura Brown, Henry Parker, Yolanda Roth (Yolanda Roth absent)

Orange Facilitator: Jasmine Carey

Members: Kelly Elgin, Jose Zayas, Bruce Brunner, Kayla Gibbons, Cecil Smith

Yellow Facilitator: Sharice McCain

Members: Eric Meyers, Rico Morales, Asalesole Young, Sue Speakman, Ellen Sahli (Jake Verdin - Community Observer)

1. Initial Certification

Pink Group:

- Very against self-certification lots of data after the pandemic showing that landlords will be fraudulent. A study out of San Francisco found that 15% of evictions during the pandemic were fraudulent. Billions of dollars are at stake with Rent Stabilization. There should be some involvement from the City.
- The places where you get uncomfortable with data sharing come into the issue is with capital improvements, profit gains and losses become public records.
- Disclosing rents is not a hot-button issue.
- A benefit to disclosing yearly rent, there could be random spot checks to the disclosure.
- Every year you have to disclose your information for a rental license. What is the correlation between zip codes and rental tiers and rent?
- As long as there is a cross-check with the tenant to confirm what the landlord discloses.
- There is already data reporting to the city as far as what rents are. Can send a letter to confirm rents to tenants.
- City to make a tenant portal that discloses and confirms rents for each unit. If you decontrol it goes into a city database.
- Do we consider a board part of the City?
- Model after the city's Co Enforcement for worker issues.

Black Group:

- don't know that I would be in favor of self-certification but would suggest that there should be a checklist that they respond to every year. A third party might be an expense for the city.
- Feels like there should be just as much check-in with rental licenses as with vehicle registration.
- For Saint Paul, there is a lot of private information that is now required to be shown.

- Need to be conscious of landlords passing on rental license fees to tenants.

Blue Group:

- Only request to submit something if you are asking for more than a 3% increase in rent. Depends on the exemptions and exceptions. If a building is a new construction you don't have to spend anything.
- Don't feel it is necessary to have a certification process. Does it require an application or does it just exist?
- If it's a complaint-generated compliance (then would be necessary). When exemptions. Requires maintenance at the city.
- does the city have something on file to show a building is exempt if, for example, someone's rent exceeds a 3% increase? Overview from what was understood and discussed: Landlords self-certify exemptions as part of their annual rental license submission. The city maintains the list. Self-certifying throughout the year for exceptions.

Orange Group:

- Self Certification? Yes- lucky to get true information, it will be hard to get true information from landlords. Only cost-effective-administrative ease options should not be passed on to the owners, maybe the tenants. There needs to be something that is not cumbersome.
- Certified by the City? Terrible idea, couldn't process the information with the existing resources and capacity. The money needed would serve
- Third-Party? Costar, real page- have access to the large management systems. Property info, for the city, to take on a role with companies that specialize in analytics. It is a skill set that the city doesn't have, more companies are moving to dynamic pricing systems now. Co-star reports are wrong 80% for affordable housing building - the companies who are capable of doing it. Not aware of any.

Yellow Group

- Self Certification? In combination with City Certification (3x) Activities such as: Rolling with the policies, not doing anything with exceptions. City steps in for anything beyond including complaints (not sure how the city only would be able to keep up) If in tier 2 or 3 then city certification. Maybe tiering is not the best system. Create a "random audit" step. How would it feel for a small org. (better than IRS) City would need to ensure information is readily available to residents, though it has not been. Makes sense because with many units, trying to stay in compliance. Self Cert under a certain percentage. City Cert over a certain percent.

- Certified by the City? Yes. After presentation, don't trust self certification. Tenant driven versus city owned. Yes, with tiered At tier 2
- Third Party? Too costly possibly

2. Compliance/Monitoring

Black Group:

- Tenants should for sure be involved in compliance and monitoring. Will tenants be willing to call 311 or is there fear of retaliation?
- Tenant-based complaints paired with other monitoring such as financial audits of rents.
- If the city was more diligent in rental license renewal and monitoring the number of tier 2 & 3 properties may increase.
- Higher-income properties could be using more resources from the city because higher-income residents are more likely to complain.

Blue Group:

- Compliance / Monitoring by Property Owner would they Be in compliance?
- Yes, tenants are to bring complaints; tenant notification for exceptions
- Compliance / Monitoring by City? Co-enforcement workers had a role in informing other workers about their rights. info same could community-based org makes sure all their tenants know their rights. The city has to have a role to enforce. Reviewing the exception/ exemption request.
- Compliance / Monitoring by Third Party? Becomes a disconnect when involved in Compliance / Monitoring by a Citizens Board? Can be expensive (i.e staffing, research, studies)

Orange Group:

- Property Owner? With no integrity, people may lie.
- Tenants? Tenants can use it to weaponize it, they may not respond or send in the documentation.
- City? The city is the best of all the options,
- Board? The rent control board would be a massive structure, it becomes highly politicized.
- Other? There are no existing structures it can fold into, is it a complaint-based system? Right now the technology takes them 60-90 days to send out renewal processes, mail-in checks and notices, it is outdated. It is always wrong and has issues with charging the wrong properties currently. Does Edina and Brooklyn's

center have an easier time, than smaller cities, and do they use the same online portal? They apply the check to the wrong address. The portal is small but still doesn't work well. No faith in this option. This database could be weaponized if the City sells the data and its publicly accessible data.

Yellow Group

- Third Party? What does the model for this look like? How do we ensure that the entity? Why is a third party recommended? Affordable housing and third-party monitoring based on compliance
- Other? Complaint-based only puts the responsibility on the tenant. Tenants could use some protection

3. Enforcement

Pink Group:

- Tenants should be able to go to a board or housing body to complain about their landlord's violation.

Blue Group:

- City staff Responding to tenant complaints.

Orange Group:

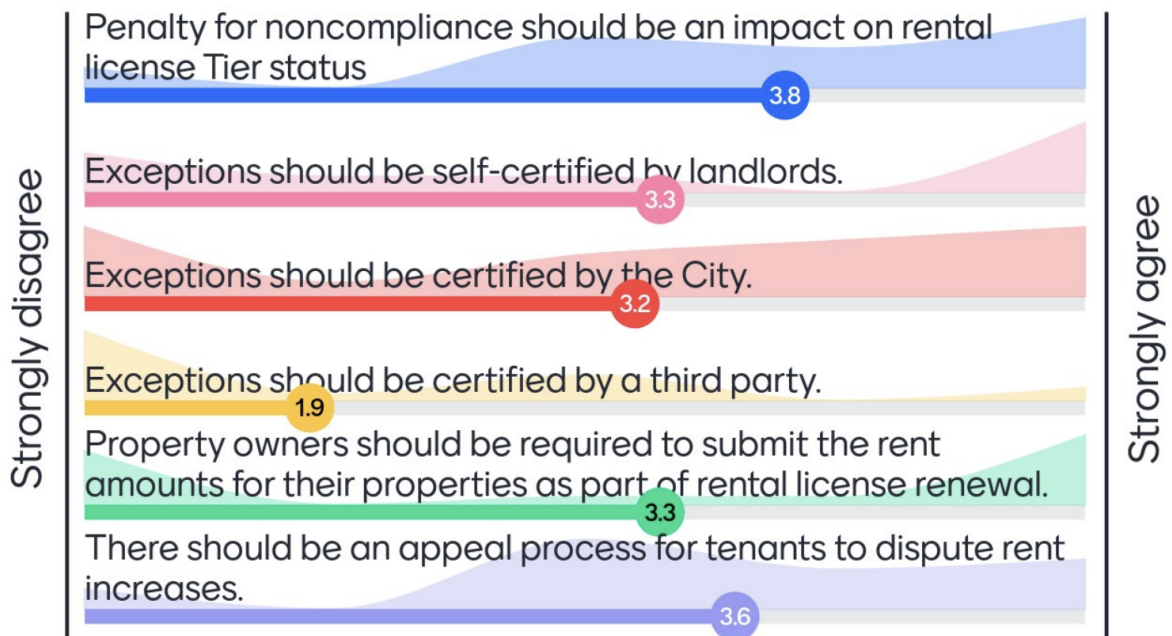
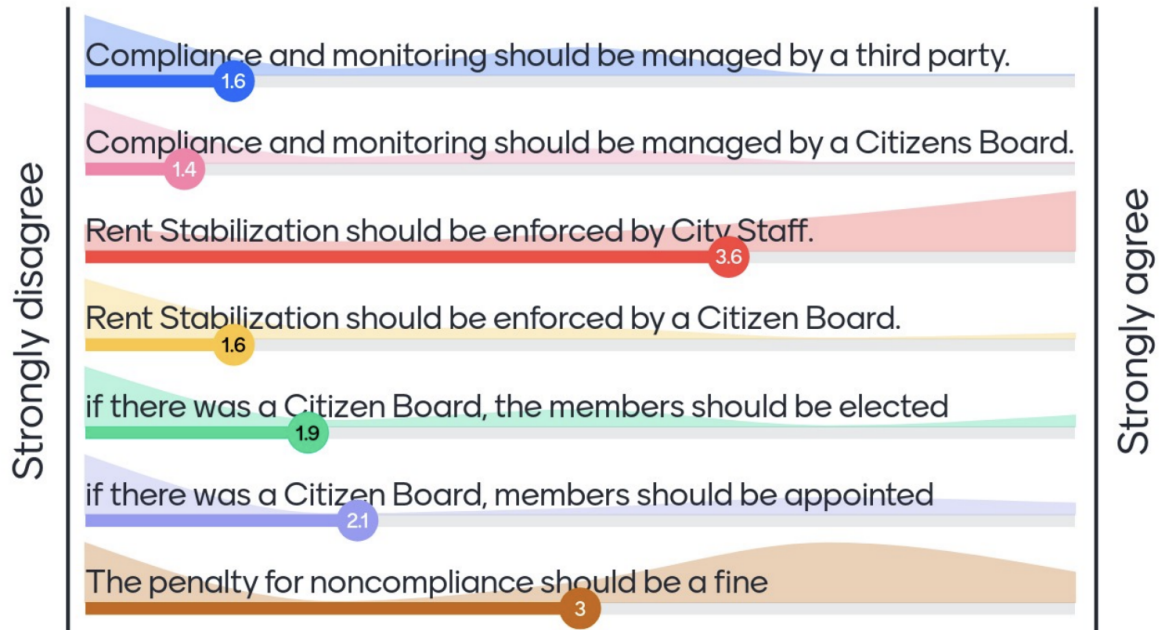
- Third Party? City staff, not possible if the city has police powers that they can delegate it. Has issues with this being listed as an option. A board may be able to do this if they are appointed and given the powers. The city council is the only body that can revoke licenses currently. Statutory police powers, monitoring, and compliance. St. Paul has an administrative process, but the appeals happen at the city council in a unit-by-unit process. There was a petition to raise it from 6% to 8%, a \$20 difference, not much of a change for all the work and fees.
- No Citizen's Board.
- City staff? The only option that could work simplest is self-certification, complaint-based model, analysis, and due process. What St. Paul did, so it does not create a budget headache. What are we monitoring- the more exemptions, the more technical the compliance.

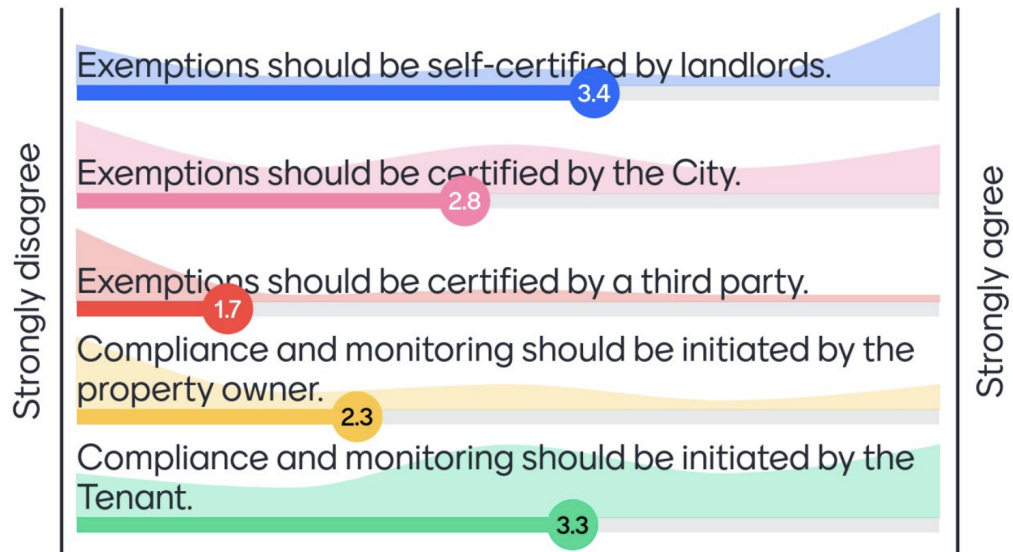
4. Exceptions to Rent Stabilization

Orange Group:

- Week 7, we haven't talked about what percentage of the cap it is or on the table and the inflation rate.

VIII. Personal Reflection (MentiMeter)(5 min) (1:20-1:25)





IX. Questions/Close (5 min) (1:25-1:30)

